



3 February 2023

Contact for Apologies: General Manager

Phone: (08) 8551 0720

Email: [mwhibley@victor.sa.gov.au](mailto:mwhibley@victor.sa.gov.au)

Website: [www.horsedrawntram.com.au](http://www.horsedrawntram.com.au)

File Ref: GOV9.14.041

Dear Committee Member

### **NOTICE OF MEETING**

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference and Section 87(7) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority Audit Committee** has been called for:-

**DATE:** Tuesday, 7 February 2023

**TIME:** 12:30pm

**PLACE:** Encounter Room

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

**Megan Whibley**  
**General Manager**

Victor Harbor Horse Tram Authority

*Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*



**Audit Committee**  
**Committee Membership**

<b>Member</b>	<b>Representative</b>	<b>Appointed</b>	<b>Expires</b>
Independent Member(s)	John Morgan	23 November 2020	23 November 2024
Independent Member(s)	Kate Christ	22 February 2021	22 February 2025
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2023
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2024
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
<b>Office Bearers</b>			
Chairperson	John Morgan	22 February 2021	23 November 2024
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2024

- 1. Open Meeting/Welcome**
- 2. Attendance**

John Morgan (Chair)  
 Laura Hodgson  
 Rachel Kennedy  
 Nigel Catt

Megan Whibley (General Manager VHHTA)  
 Tamar Herron (Minute Secretary VHHTA)



**3. Apologies**

Kate Christ

**4. Minutes of Previous meeting**

4.1 Minutes –Victor Harbor Horse Tram Authority Audit Committee – 4  
8 November 2022

**5. Adjourned Item(s)**

Nil

**6. Reports for Receiving and Noting only**

6.1	Action List Report	10
6.2	December Budget Review 2022/23	12
6.3	Draft Operating and Capital Budget 2023/24	21

**7. Reports for Decision**

7.1 VHHTA Audit Committee Self-Assessment Review Report 33

**8. Presentation(s)**

Nil

**9. Discussion Items – No decision(s)**

9.1

**10. Correspondence Received**

Nil

**11. Urgent Business without Notice**

Nil



## 12. Confidential Reports

Nil

## Next Meeting

Tuesday 9 May 2023, 12:30pm – Encounter Room TBC

## Meeting Close

### **Please be advised**

- *That filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*
  
- *To comply with COVID-19 physical distancing requirements, places in the public gallery are limited and will be filled on a 'first in' basis.*



Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **7 February 2023**

From **Megan Whibley**

Subject **Minutes of the Previous Meeting**

Report Number **4.1**

---

## **RECOMMENDATION**

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 8 November 2022 be confirmed as a true and accurate record.

## **INFORMATION**

### **Purpose**

The purpose of this report is to present the Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held on 8 November 2022 for confirmation.

### **Background**

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 8 November 2022 were received at the Victor Harbor Horse Tram Authority Board meeting held Tuesday, 13 December 2022.

### **Commentary**

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 8 November 2022 were distributed to Members on Friday, 11 November 2022.

A copy of the minutes are provided at attachment A.

## **RISK ASSESSMENT**

**Legal and Compliance** – The minutes were prepared and distributed to members in line with legislation. This risk is assessed as **low**.

## **REFERENCES**

Nil

## **BUDGET IMPLICATIONS**

Excluding endorsed budgeted staff resources there are no budget implication in confirming the Victor Harbor Horse Tram Authority Audit Committee minutes.

No additional funds are required.

## **CONSULTATION**

Victor Harbor Horse Tram Authority Audit Committee members

**Minutes of the Victor Harbor Horse Tram Authority  
Audit Committee Meeting  
For meeting Tuesday 8 November 2022  
Commencing at 12:30pm, Encounter Room**



## **1. Attendance**

### **Present**

John Morgan (Independent Member) (Chair)  
Kate Christ (Independent Member)  
Laura Hodgson (Independent Member) (Via Zoom)  
Nigel Catt  
Rachel Kennedy

### **In attendance**

Megan Whibley (General Manager VHHTA)  
Tamar Herron (Minute secretary VHHTA)

### **Commencement**

The meeting commenced at 12:34 pm

## **2. Apologies**

Nil

## **3. Conflict of Interest**

Nil

## **4. Minutes of the Previous Meeting**

### **4.1 Audit Committee Meeting Minutes Report – 13 September 2022**

AC036                      Moved:     Nigel Catt  
                                    Seconded: Katherine Christ

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 13 September 2022 be confirmed as a true and accurate record.

**CARRIED**

## **5. Business Arising**

Nil

**Minutes of the Victor Harbor Horse Tram Authority  
Audit Committee Meeting  
For meeting Tuesday 8 November 2022  
Commencing at 12:30pm, Encounter Room**



**6. Reports for Receiving and Noting only**

**6.1 Action List Report**

AC037                    Moved:     Rachel Kennedy  
                              Seconded: Katherine Christ

That the Audit Committee receive and note the Action List and report.

**CARRIED**

**7. Reports for Decision**

**7.1. Appointment of Audit Committee Chairperson Report**

AC038                    Moved:     Nigel Catt  
                              Seconded: Laura Hodgson

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Appointment of Audit Committee Chairperson Report.
  
2. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the VHHTA Board the appointment of John Morgan as Chairperson, with the approval of Council, for the term of 2 years as specified at 5.1 of the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.
  
3. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the VHHTA Board the appointment of Rachel Kennedy as Deputy Chairperson, with the approval of Council, for the term of 2 years as specified at 5.1 of the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.

**CARRIED**

**7.2. 2023 Audit committee meeting Dates for 2023 Report**

AC039                    Moved:     Rachel Kennedy  
                              Seconded: Katherine Christ



**Minutes of the Victor Harbor Horse Tram Authority  
Audit Committee Meeting  
For meeting Tuesday 8 November 2022  
Commencing at 12:30pm, Encounter Room**



1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the 2023 Audit committee meeting Dates for 2023 Report.
2. That the Victor Harbor Horse Tram Authority Audit Committee resolve to meet in accordance with the meeting dates, times and locations as listed in the 2023 Audit committee meeting Dates for 2023 Report, except that the meeting date scheduled for 7 November 2023 is modified to be scheduled for Tuesday 31 October 2023.

**CARRIED**

**7.3. That the Victor Harbor Horse Tram Authority Audit Committee receive and note The First Quarter Review of the 2022/23 Budget Report.**

AC040                      Moved:     Rachel Kennedy  
                                    Seconded: Nigel Catt

That the Victor Harbor Horse Tram Authority Audit Committee receive and note The First Quarter Review of the 2022/23 Budget Report.

**CARRIED**

**8. Presentations**

Nil

**9. Discussion Items – No decision(s)**

9.1     Overall draft budget 2023/24 comparison.

**10. Correspondence Received**

Nil

**11. Urgent Business without Notice**

Nil

**11.1 Action:** That at the 7 February 2023 meeting there be an agenda item for the purpose of Audit Committee self-review of performance, and so that the Audit Committee can review its responsibilities and duties in accordance with the VHHTA Audit Committee Terms of Reference and the VHHTA Charter.

**12. Confidential Item(s)**

Nil

**Minutes of the Victor Harbor Horse Tram Authority  
Audit Committee Meeting  
For meeting Tuesday 8 November 2022  
Commencing at 12:30pm, Encounter Room**



**13. Next Meetings**

Tuesday 7 February 2023, 12:30 pm at the Encounter Room

**14. Meeting Closed.**

The meeting closed at 1:11 pm

***Please be advised** that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*



Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **7 February 2023**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

---

## **RECOMMENDATION**

That the Audit Committee receive and note the Action List and report.

## **INFORMATION**

### **Purpose**

The purpose of this report is to provide the status of action items from previous meetings for consideration.

### **Background**

The Audit Committee provides recommendations to the Authority and may also request information pertaining to financial, strategic or corporate risks for consideration. The Action List provides details and status of these requests.

### **Commentary**

The Action List has been updated and is provided at attachment A.

## **RISK ASSESSMENT**

Information – No risks have been assessed in relation to this report as it has been provided for information only and no formal decision is required.

## **REFERENCES**

Nil

## **BUDGET IMPLICATION**

Excluding endorsed budgeted staff resources there are no budget implications in the preparation or receipt of the Action List. No additional funds are required.



Attachment A

**VHHTA – Outstanding Action List– updated 3-Feb-23**

\*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
<b>8 November 2022</b>	11.1	<b>Action:</b> That at the 7 February 2023 meeting there be an agenda item for the purpose of Audit Committee self-review of performance, and so that the Audit Committee can review its responsibilities and duties in accordance with the VHHTA Audit Committee Terms of Reference and the VHHTA Charter.	Complete
<b>10 May 2022</b>	6.2.1	<b>Action:</b> To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places	Ongoing
<b>10 August 2021</b>	AC016	<b>Action:</b> Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress



Meeting	<b>Victor Harbor Horse Tram Authority Audit Committee</b>
Date	<b>7 February 2023</b>
From	<b>Megan Whibley</b>
Subject	<b>December Budget Review 2022/23 Report</b>
Report Number	<b>6.2</b>

---

## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the December Budget Review 2022/23 report.**

## **INFORMATION**

### **Purpose**

The purpose of this report is to provide the Victor Harbor Horse Tram Authority Audit Committee with the December Budget Review 2022/23.

### **Background**

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Regulation 9(1)(b) and 9(2) of the Local Government (Financial Management) Regulations 2011 requires a budget review to include a revised forecast of the Authority's operating and capital investment activities compared with estimates set out in the budget.

Further, the Victor Harbor Horse Tram Authority is required by the Charter to provide reports on the financial position of the Authority each quarter:

*5.5 Quarterly reports summarising the financial position and performance of the Authority against the Budget must be prepared and presented to the Board within thirty days of the conclusion of each quarter and copies provided to the Council.*

The December report for the 2022/23 financial year has been prepared on schedule. This December Review of the 2022/23 Budget, is a review addressing the first 6 months of the 2022/23 financial year.

### **Commentary**

The Victor Harbor Horse Tram Authority 2022/23 budget was prepared by the VHHTA, utilising the software package 'Xero' to manage Authority finances.

The 2022/23 budget is tracking really well with the summer season seeing some record days. It is exciting times, with all Causeway construction finished, and the new merchandise store showing really impressive results this financial year.

There are a few areas that required adjustment in this review for the 2022/23 budget.

- Behind the scenes income will be nil as the buildings are now predicted to be finished in May 2023, not the original December 2022.
- The increase in revenue both in ticket sales and the merchandise store have the budget looking more than achievable.
- With the merchandise store performing so well, extra stock is needed. An increase in purchases has been allowed for.

This amazing result has the whole team feeling really excited about the future, this is our first season with no hurdles and plenty of tourists.

The December Review of the 2022/23 Budget is provided at attachment A.

## **RISK ASSESSMENT**

Risks associated with the recommendation have been assessed as follows:

**Financial Management** – The VHHTA is on track to achieve an end of financial year position in accordance with the adopted budget. The Board are continuing to find ways to generate own-source income outside of ticket sales to improve the bottom line into the future. The risk is assessed as **low**.

**Socio Political, Community Issues / Reputation** - The Board are continuing to find ways to generate own-source income to reduce the dependency on Council funding which will go toward appeasing any community concern regarding the use of ratepayer money to fund Horse Tram operations. The VHHTA has been able to provide information to the Victor Harbor community around the benefits of the iconic Horse Tram as a driver of the tourist economy and as an attraction for Victor Harbor versus the relatively low cost of keeping the service running, via the study and report by Laura Hodgson, titled 'The Assessment of the Value of the Victor Harbor Horse Tram'. This risk is assessed as **low**.

**Governance** - the recommendation meets the requirements of the Charter and legislation. The risk is assessed as **low**.

## **REFERENCES**

Victor Harbor Horse Tram Authority 2022/23 budget

Victor Harbor Horse Tram Authority Charter

Local Government (Financial Management) Regulations 2011

The Assessment of the Value of the Victor Harbor Horse Tram – report by Laura Hodgson

## **BUDGET IMPLICATION**

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A remains unchanged at \$415,000.

## **CONSULTATION**

SMP Chartered Accountants

Michele Bennett LGiQ



## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at Sept 2022	Proposed Budget Dec 22
	\$	\$
<b>OPERATING INCOME</b>		
Ticket & Bookings Sales	540,700	605,700
Council Contribution	415,000	415,000
Other Income	197,500	197,500
<b>Total Income</b>	<b>1,153,200</b>	<b>1,218,200</b>
<b>OPERATING EXPENSES</b>		
Employee Costs	704,900	704,900
Materials Contract and Other Expenses	432,730	450,430
Depreciation, amortisation and impairment	15,570	15,570
<b>Total Expenses</b>	<b>1,153,200</b>	<b>1,170,900</b>
<b>Operating Surplus (Deficit)</b>	-	<b>47,300</b>
<b>NET SURPLUS / (DEFICIT)</b>	-	<b>47,300</b>
<b>KEY FINANCIAL INDICATOR</b>		
Own Source Revenue	64.0%	65.9%
Operating Surplus Ratio	0%	4%
Net Financial Liabilities Ratio	23%	10%
Asset Renewal Funding Ratio	100%	100%





## STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2022/23 Current Budget at Sept 2022 \$	2022/23 Proposed Budget Dec 22 \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	77,343	136,757
Trade and Other Receivables	0	0
Inventories	-	-
<b>Total Current Assets</b>	<b>77,343</b>	<b>136,757</b>
<b>NON-CURRENT ASSETS</b>		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	290,130	86,000
ROU Assets		87,000
Other Non-Current Assets		-
<b>Total Non-Current Assets</b>	<b>290,130</b>	<b>173,000</b>
<b>TOTAL ASSETS</b>	<b>367,473</b>	<b>309,757</b>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	77,254	33,000
ROU lease		35,000
Borrowings	99,000	-
Provisions	15,000	17,457
<b>Total Current Liabilities</b>	<b>191,254</b>	<b>85,457</b>
<b>NON-CURRENT LIABILITIES</b>		
ROU Lease		52,000
Borrowings	150,000	87,000
Provisions		40,000
<b>Total Non-Current Liabilities</b>	<b>150,000</b>	<b>179,000</b>
<b>TOTAL LIABILITIES</b>	<b>341,254</b>	<b>264,457</b>
<b>NET ASSETS</b>	<b>26,219</b>	<b>45,300</b>

## Attachment A

### EQUITY

Accumulated Surplus	26,219	45,300
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
<b>Total Equity</b>	<b>26,219</b>	<b>45,300</b>



## CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at Sept 2022	Proposed Budget Dec 22
	\$	\$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	1,268,970	1,340,020
Investment Receipts	-	-
<b>Payments</b>		
Operating Payments to Suppliers and Employees	1,180,423	1,199,823
GST Payments	72,977	77,327
<b>Net cash provided by (or used in) operating activities</b>	<b>15,570</b>	<b>62,870</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	27,727
<b>Payments</b>		
Expenditure on renewal/replacement of assets	99,000	51,997
Expenditure on new/upgraded assets	-	76,261
<b>Net cash provided by (or used in) investing activities</b>	<b>(99,000)</b>	<b>(100,531)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from borrowings	99,000	100,531
<b>Payments</b>		
Repayments of borrowings	-	17,000
<b>Net cash provided by (or used in) financing activities</b>	<b>99,000</b>	<b>83,531</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>15,570</b>	<b>45,870</b>
Cash & cash equivalents at beginning of period	61,773	90,887
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>77,343</b>	<b>136,757</b>

# Attachment A

## Budget Review - Working Victor Harbor Horse Tram Authority

Description	2022/23 Original Budget	2022/23 September Budget Review	2022/23 Dec Budget Review	Variance (\$)
<b>Income</b>				
CVH budget contribution	415,000	415,000	415,000	0
Donation Income	3,000	3,000	3,000	0
Employee Subsidies	5,000	0	0	0
Fleurieu Heritage Sales	500	500	0	(500)
Group Sales	3,000	5,000	5,500	500
Other Income	76,500	74,500	34,500	(40,000)
Souvenir Sales	75,000	80,000	120,000	40,000
Ticket Sales	535,000	535,000	600,000	65,000
Causeway boom gate monitoring	0	40,000	40,000	0
Other Income - Interest	200	200	200	0
<b>Total Income</b>	<b>1,113,200</b>	<b>1,153,200</b>	<b>1,218,200</b>	<b>65,000</b>
<b>Less Operating Expenses</b>				
Administration Charge - Corporate Supp	68,000	68,000	68,000	0
Administration Charge - Rent on Assets	48,000	48,000	48,000	0
Advertising Expenses	22,000	22,000	22,000	0
Authority Board Expenses	15,000	15,000	15,000	0
Cleaning	5,000	5,000	5,000	0
Consultants and Professional Services	20,000	20,000	20,000	0
Employee expenses	694,500	704,900	704,900	0
Horse Care Expenses	58,000	69,400	69,400	0
Other Expenses	2,000	2,000	4,000	2,000
Repairs and Maintenance	20,000	20,000	20,000	0
Security Expenses	4,000	4,000	4,000	0
Staff Amenity Expenses	3,500	5,500	5,500	0
Utilities	14,000	14,000	14,000	0
Vehicle and Travel Expenses	28,100	28,100	28,100	0
Volunteer Expenses	3,430	3,430	3,430	0
Bank Fees	800	2,000	2,000	0
Insurance	45,000	60,000	60,000	0
Merchant Fees	2,800	2,800	3,500	700
Phone and Date Expenses	4,000	4,000	4,000	0
Printing and Stationary Expenses	4,500	4,500	4,500	0
Souvenir Purchases	35,000	35,000	50,000	15,000
Depreciation	15,570	15,570	15,570	0
<b>Total Operating Expenses</b>	<b>1,113,200</b>	<b>1,153,200</b>	<b>1,170,900</b>	<b>17,700</b>
<b>Net Surplus / (Deficit)</b>		<b>0</b>	<b>47,300</b>	<b>47,300</b>



UNIFORM PRESENTATION OF FINANCE STATEMENT  
For the Year Ending 30 June 2023

	2022/23 Current Budget \$	2022/23 Proposed Budget \$
Operating Revenues	1,153,200	1,218,200
<i>less</i> Operating Expenses	(1,153,200)	(1,170,900)
<b>Operating Surplus / (Deficit)</b>	<b>0</b>	<b>47,300</b>
 <b>Net Outlays on Existing Assets</b>		
Capital expenditure on renewal / replacement of existing assets	(99,000)	(51,997)
<i>add back</i> depreciation, amortisation and impairment	15,570	15,570
<i>add back</i> proceeds from sale of replaced assets	0	0
<b>Subtotal</b>	<b>(83,430)</b>	<b>(36,427)</b>
 <b>Net Outlays on New and Upgraded Assets</b>		
Capital expenditure on new and upgraded assets	0	(100,531)
add back amounts received specifically for new / upgraded assets	0	0
add back proceeds from sale of surplus assets	0	27,727
<b>Subtotal</b>	<b>0</b>	<b>(72,804)</b>
 <b>NET LENDING / (BORROWING) FOR FINANCIAL YEAR</b>	 <b>(83,430)</b>	 <b>(61,931)</b>
 <b>KEY FINANCIAL INDICATORS</b>		
Own Source Revenue	64%	66%
Operating Surplus Ratio	0%	4%
Net Financial Liabilities Ratio	23%	10%
Asset Renewal Funding Ratio	100%	100%



Meeting **Victor Harbor Horse Tram Authority Audit Committee**  
Date **7 February 2023**  
From **Megan Whibley**  
Subject **Draft Operating and Capital Budget 2023/24**  
Report Number **6.3**

---

## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Operating and Capital Budget 2023/24 report.**

## **INFORMATION**

### **Purpose**

The purpose of this report is to provide the Victor Harbor Horse Tram Audit Committee with the Draft Operating and Capital Budget for 2023/24.

### **Background**

#### Operating Budget

The operating budget 2019/20 was adopted prior to the General Manager being employed by the VHHTA. The draft budget for 2020/21 was an updated and more realistic budget in terms of meeting operational requirements of the horse tram in 2020/21. The 2020/21 financial year became unpredictable as it continued due to Covid-19 and Causeway construction issues, however the VHHTA's budget tracked well despite these operating impacts. This turbulence continued through 2021/22. The 2022/23 year has started out strongly with the lifting of Covid restrictions, the completion of the new Causeway and the removal of the old Causeway.

#### Capital Budget

Previously all assets of the VHHTA were Council owned. In order to maintain and replace these assets Council has utilised a Capital Budget. The VHHTA utilises an operating budget for the running and implementation of Horse Tram services and offerings, but had not previously had a need for a VHHTA Capital Budget. On 30 September 2021 Council gifted assets, including a utility vehicle and horse float, to the VHHTA.

As the VHHTA now has assets, and is responsible for maintaining and replacing those assets, the VHHTA established its own Capital Budget for this purpose. The Capital Budget is serviced by borrowing funds through the LGFA, in accordance with the VHHTA Charter.

Council approved the VHHTA draft Capital Budget at the meeting held Monday, 28 March 2022. This report will provide an updated draft Capital Budget.

## Commentary

The draft operating budget 2023/24 was formulated by the General Manager after operating through half of 2022/23, which will be the first full year of operation in the four years since the formation of the VHHTA, giving clear insight regarding the upturn of figures.

In the first year or two following the establishment of the VHHTA, budgets have been based on best estimations of costs, many of which were unable to be accurate as they had previously been embedded in Council budgets, requiring full or partial separation over a period of time. While much progress has been made in relation to budget accuracy, this will continue to evolve and improve as the VHHTA moves further towards independence in its establishment as a Section 42 committee of Council.

The VHHTA's own-source revenue is continually being sought, to decrease reliance on the City of Victor Harbor (COVH). Initiatives, such as the successful grant application with Building Better Regions Fund, round 5, have meant that the COVH have gained valuable funds to add to the stable complex construction in support of the Horse Tram. The ability to operate a second business from the new facility, with different offerings and services, will increase the VHHTA's own source revenue.

The COVH's financial contribution has reduced by \$50,000 in the 2023/24 draft budget, and the VHHTA's own source revenue percentage has increased by 12%, up 40% since 2019/20.

The draft 2023/24 financial statements for the draft operating budget are provided at attachment A. The updated draft 2023/24 capital budget is contained within this report.

## 2023/24 Draft Operating Budget

The table below provides a summary of the draft budgeted expenses for 2023/24:

Description		Amount
<b>Employee costs</b>	Salaries, superannuation & Workcover	\$962,500
<b>Office and Administration costs</b>	Travel, stationary, printing and communication	
	Insurance & utilities	\$167,000
<b>Maintenance</b>	Building and equipment maintenance	\$35,000
	Horse care - feed, farrier and vet fees	\$70,000
<b>Marketing</b>	Advertising, promotions and souvenir purchases	\$80,000
<b>Depreciation</b>	Capital Asset Depreciation	\$16,000
<b>Other Expenses</b>	Committee costs, volunteer and staff amenities	\$69,600

<b>Equipment Hire</b>	Building and equipment hire	\$50,000
<b>Corporate Support</b>	IT, finance, records and administration	\$70,000
<b>Total</b>		<b>\$1,520,100</b>

The table below provides a summary of the draft budgeted income for 2023/24:

<b>Description</b>		<b>Amount</b>
<b>Ticket Sales</b>	Casual and group bookings	\$760,100
<b>Other Income</b>	Donations/sponsorship and Souvenir sales	\$185,000
	Behind the Scenes	\$165,000
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
<b>Total</b>		<b>\$1,520,100</b>

<b>Own Source Funding Ratio</b>	<b>2022/23</b>	<b>2023/24</b>
	64%	76%

### Capital Budget

The Victor Harbor Horse Tram Capital funding plan on the following page shows predicted the VHHTA capital spend for the next ten-year period. This has been integrated into the operating budget for incorporate repayments. This plan includes assets which will be needed in the future and shows the timing for the renewal and replacement of current assets. This plan takes into account the development of the new facility at Canton Place.

Interest on the borrowings has been scheduled to increase by 0.5% annually. This will need monitoring and possible adjustment. Next financial year, 2023/24, interest is currently set at 5.5%.

Total of Asset Value is \$688,258 with a trade in value of assets \$305,727, and total repayments of \$297,000



VHHTA 10 Year Capital Funding plan

Year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/31
Description											
Work Life	\$42,118					\$50,000					\$53,000
Float			\$25,000					\$25,000			
GATEL		\$15,000					\$15,000				
Work vehicle	\$53,121			\$53,000			\$53,000			\$53,000	
Second float	\$23,140					\$25,000				\$25,000	
Spray unit					\$3,000						
Harness Equipment	\$4,879	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Tractor/mower/slasher		\$20,000						\$35,000			
Tools	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
IT Equipment		\$10,000									
<b>TOTAL</b>	<b>\$128,258</b>	<b>\$55,000</b>	<b>\$35,000</b>	<b>\$63,000</b>	<b>\$13,000</b>	<b>\$85,000</b>	<b>\$78,000</b>	<b>\$70,000</b>	<b>\$10,000</b>	<b>\$88,000</b>	<b>\$63,000</b>
Capital income from Trade In's	-\$27,727		-\$15,000	-\$45,000		-\$50,000	-\$53,000	-\$15,000		-\$60,000	-\$40,000
Total Capital expenditure	\$100,531	\$55,000	\$20,000	\$18,000	\$13,000	\$35,000	\$25,000	\$55,000	\$10,000	\$28,000	\$23,000
Opening balance from previous year		\$86,044	\$129,801	\$137,789	\$142,916	\$141,830	\$163,082	\$174,139	\$217,616	\$215,102	\$231,197
Interest	\$2,513	\$7757	\$8,988	\$10,126	\$10,914	\$13,262	\$15,047	\$19,476	\$20,485	\$23,094	\$24,148
Repayments	-\$17,000	-\$19,000	-\$21,000	-\$23,000	-\$25,000	-\$27,000	-\$29,000	-\$31,000	-\$33,000	-\$35,000	-\$37,000
<b>Total Borrowings</b>	<b>\$66,044</b>	<b>\$129,801</b>	<b>\$137,789</b>	<b>\$142,916</b>	<b>\$141,830</b>	<b>\$163,082</b>	<b>\$174,139</b>	<b>\$217,616</b>	<b>\$215,102</b>	<b>\$231,197</b>	<b>\$241,345</b>

## RISK ASSESSMENT

The risks associated with the recommendation have been assessed as follows:

**Corporate Governance** - The VHHTA Charter requires the Board, in accordance with the Act, to endorse and provide the Draft Operating Budget to Council before 31 March each year. Preliminary figures were supplied to Council prior to this date, to assist with Council's own budget planning. The risk is assessed as *low*.

**Financial Management** – Poorly planned budgets can result in a costly overspend. The VHHTA Board should endorse a realistic budget and present it to Council for approval, taking into account learnings from the previous budgets of the VHHTA to improve accuracy for the coming financial year. VHHTA has made every effort to reduce the operating deficit (contribution from COVH) through initiatives that will generate own source revenue, resulting in a deficit contribution that is \$50,000 less than last financial year in this draft 2023/24 budget. This risk is assessed as *low*.

**Socio Political, Community Issues/Reputation** –A realistic budget is essential for the operations to run safely and ensure that it continues to be an icon for Victor Harbor. This risk is assessed as *low*.

**Service Delivery** – Poorly planned budgets impact on service delivery and may include interruption to service. This budget has been conservatively prepared to ensure that there is minimal impact on service delivery outside of external factors, such as COVID-19. This risk is assessed as *low*.

**Service Delivery** – Some budget increases from 2023/24 have been included to address employee professional development and loan repayments of assets purchases. This risk is assessed as *low*.

**Employee Safety / Public Safety** – Some budget increases from 2023/24 have been included to address risks to public and employee safety. This risk is assessed as *low*.

## REFERENCES

VHHTA Budget 2019/20

VHHTA Budget 2020/21

VHHTA Budget 2021/22

VHHTA Budget 2022/23

Victor Harbor Horse Tram Authority Charter

## **BUDGET IMPLICATIONS**

Excluding endorsed budgeted staff resources there are no budget implications receiving, noting the Draft Operating and Capital Budget 2023/24 report.

Endorsement by the VHHTA Board and approval by COVH Council of the Draft Operating Budget 2023/24 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from COVH) of \$365,000.

## **CONSULTATION**

VHHTA Board Members

SMP Chartered Accountants

Michele Bennetts LGiQ

City of Victor Harbor - Director Corporate and Customer Service (Karen Rokicinski)

# Attachment A

## Budget Review - Working Victor Harbor Horse Tram Authority

Description	2022/23 Dec review	2023/24 Draft Budget	Variance (\$)
<b>Income</b>			
CVH budget contribution	415,000	365,000	(50,000)
Donation Income	3,000	5,000	2,000
Behind the scenes	0	165,000	165,000
Fleurieu Heritage Sales	0	0	
Group Sales	5,500	10,000	4,500
Other Income	34,500	40,000	5,500
Souvenir Sales	120,000	140,000	20,000
Ticket Sales	600,000	750,000	150,000
Causeway boom gate monitoring	40,000	45,000	5,000
Other Income - Interest	200	100	(100)
<b>Total Income</b>	<b>1,218,200</b>	<b>1,520,100</b>	<b>301,900</b>
<b>Less Operating Expenses</b>			
Administration Charge - Corporate Support	68,000	70,000	2,000
Administration Charge - Rent on Assets	48,000	50,000	2,000
Advertising Expenses	22,000	20,000	(2,000)
Authority Board Expenses	15,000	15,000	0
Cleaning	5,000	10,000	5,000
Consultants and Professional Services	20,000	25,000	5,000
Employee expenses	704,900	962,500	257,600
Horse Care Expenses	69,400	70,000	600
Other Expenses	4,000	3,500	(500)
Repairs and Maintenance	20,000	35,000	15,000
Security Expenses	4,000	10,000	6,000
Staff Amenity Expenses	5,500	11,000	5,500
Utilities	14,000	20,000	6,000
Vehicle and Travel Expenses	28,100	30,000	1,900
Volunteer Expenses	3,430	5,100	1,670
Bank Fees, interest expense	2,000	7,000	5,000
Insurance	60,000	77,500	17,500
Merchant Fees	3,500	10,000	6,500
Phone and Date Expenses	4,000	7,500	3,500
Printing and Stationary Expenses	4,500	5,000	500
Souvenir Purchases	50,000	60,000	10,000
Depreciation	15,570	16,000	430
<b>Total Operating Expenses</b>	<b>1,170,900</b>	<b>1,520,100</b>	<b>349,200</b>
	0	0	0
<b>Net Surplus / (Deficit)</b>	<b>47,300</b>	<b>0</b>	<b>(47,300)</b>



## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
<b>OPERATING INCOME</b>		
Ticket & Bookings Sales	605,700	760,100
Council Contribution	415,000	365,000
Other Income	197,500	395,000
<b>Total Income</b>	<b>1,218,200</b>	<b>1,520,100</b>
<b>OPERATING EXPENSES</b>		
Employee Costs	704,900	962,500
Materials Contract and Other Expenses	450,430	541,600
Depreciation, amortisation and impairment	15,570	16,000
<b>Total Expenses</b>	<b>1,170,900</b>	<b>1,520,100</b>
<b>Operating Surplus (Deficit)</b>	<b>47,300</b>	<b>-</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>47,300</b>	<b>-</b>
<b>KEY FINANCIAL INDICATOR</b>		
Own Source Revenue	65.9%	76.0%
Operating Surplus Ratio	4%	0%
Net Financial Liabilities Ratio	10%	9%
Asset Renewal Funding Ratio	100%	100%



## STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	136,757	133,757
Trade and Other Receivables	0	0
Inventories	-	-
<b>Total Current Assets</b>	<b>136,757</b>	<b>133,757</b>
<b>NON-CURRENT ASSETS</b>		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	86,000	125,000
ROU Assets	87,000	53,000
Other Non-Current Assets	-	-
<b>Total Non-Current Assets</b>	<b>173,000</b>	<b>178,000</b>
<b>TOTAL ASSETS</b>	<b>309,757</b>	<b>311,757</b>
<b>CURRENT LIABILITES</b>		
Trade and Other Payables	33,000	28,000
ROU lease	35,000	35,000
Borrowings	-	21,000
Provisions	17,457	17,457
<b>Total Current Liabilities</b>	<b>85,457</b>	<b>101,457</b>
<b>NON-CURRENT LIABILITIES</b>		
ROU Lease	52,000	18,000
Borrowings	87,000	107,000
Provisions	40,000	40,000
<b>Total Non-Current Liabilities</b>	<b>179,000</b>	<b>165,000</b>
<b>TOTAL LIABILITIES</b>	<b>264,457</b>	<b>266,457</b>
<b>NET ASSETS</b>	<b>45,300</b>	<b>45,300</b>

## Attachment A

### EQUITY

Accumulated Surplus	(2,000)	45,300
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	47,300	-
New Capital	-	-
<b>Total Equity</b>	<b>45,300</b>	<b>45,300</b>



## CASHFLOW STATEMENT

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	1,340,470	1,655,610
Investment Receipts	-	-
<b>Payments</b>		
Operating Payments to Suppliers and Employees	1,199,823	1,556,560
GST Payments	77,777	83,050
<b>Net cash provided by (or used in) operating activities</b>	<b>62,870</b>	<b>16,000</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	27,727	-
<b>Payments</b>		
Expenditure on renewal/replacement of assets	51,997	5,000
Expenditure on new/upgraded assets	76,261	50,000
<b>Net cash provided by (or used in) investing activities</b>	<b>(100,531)</b>	<b>(55,000)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from borrowings	100,531	55,000
<b>Payments</b>		
Repayments of borrowings	17,000	19,000
<b>Net cash provided by (or used in) financing activities</b>	<b>83,531</b>	<b>36,000</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>45,870 -</b>	<b>3,000</b>
Cash & cash equivalents at beginning of period	90,887	136,757
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>136,757</b>	<b>133,757</b>





UNIFORM PRESENTATION OF FINANCE STATEMENT  
For the Year Ending 30 June 2024

	2022/23 Current Budget \$	2023/24 Proposed Budget \$
Operating Revenues	1,218,200	1,520,100
<i>less</i> Operating Expenses	(1,170,900)	(1,520,100)
<b>Operating Surplus / (Deficit)</b>	<b>47,300</b>	<b>0</b>
 <b>Net Outlays on Existing Assets</b>		
Capital expenditure on renewal / replacement of existing assets	(51,997)	5,000
<i>add back</i> depreciation, amortisation and impairment	15,570	16,000
<i>add back</i> proceeds from sale of replaced assets	0	0
<b>Subtotal</b>	<b>(36,427)</b>	<b>21,000</b>
 <b>Net Outlays on New and Upgraded Assets</b>		
Capital expenditure on new and upgraded assets	(76,261)	(55,000)
add back amounts received specifically for new / upgraded assets	0	0
add back proceeds from sale of surplus assets	27,727	0
<b>Subtotal</b>	<b>(48,534)</b>	<b>(55,000)</b>
 <b>NET LENDING / (BORROWING) FOR FINANCIAL YEAR</b>	 <b>(37,661)</b>	 <b>(34,000)</b>
 <b>KEY FINANCIAL INDICATORS</b>		
Own Source Revenue	66%	76%
Operating Surplus Ratio	4%	0%
Net Financial Liabilities Ratio	10%	9%
Asset Renewal Funding Ratio	100%	100%



Meeting **Victor Harbor Horse Tram Authority Audit Committee**  
Date **7 February 2023**  
From **Megan Whibley**  
Subject **VHHTA Audit Committee Self-Assessment Review**  
Report Number **7.1**

---

## **RECOMMENDATION**

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the VHHTA Audit Committee Self-Assessment Review Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee adopt the process for self-review as outlined in this report.**
- 3. That the Victor Harbor Horse Tram Authority Audit Committee members complete individual responses to the VHHTA Audit Committee Self-Assessment Survey at attachment A to this report, and provide those responses to the VHHTA General Manager.**
- 4. That the Victor Harbor Horse Tram Authority Audit Committee recommend that the General Manager provide a report to the Committee on the results of the assessment at the next meeting.**
- 5. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the VHHTA Audit Committee Terms of Reference at attachment B to this report for annual review.**

## **INFORMATION**

### **Purpose**

The purpose of this report is for the VHHTA Audit Committee to approve a process for annual self-review.

## **Background**

The VHHTA Audit Committee made the following Action Item at the 8 November 2022 meeting:

That at the 7 February 2023 meeting there be an agenda item for the purpose of Audit Committee self-review of performance, and so that the Audit Committee can review its responsibilities and duties in accordance with the VHHTA Audit Committee Terms of Reference and the VHHTA Charter.

Section 15.1 of the VHHTA Committee Terms of Reference states:

15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.

Section 15.2 also says:

15.2 These Terms of Reference shall be reviewed by the Authority annually.

The VHHTA Charter does not detail Audit Committee responsibilities, other than Audit Committee membership. The Local Government Act 1999, at Part 2, Section 126(4) does outline the functions of an Audit Committee. These functions are detailed and fleshed out in the VHHTA Audit Committee Terms of Reference.

## **Commentary**

The VHHTA Audit Committee (AC) is required by its Terms of Reference to review its own performance at least annually. In order to comply with this requirement a process for self-review needs to be established.

The VHHTA proposes that the process for AC self-review is as follows:

1. The AC annually review the Committee Assessment Review Survey, as provided at attachment A to this report, to ensure relevance to, and coverage of, the Committee's role, and in order to achieve a consistent baseline for Committee self-reflection.
2. The AC members complete the self-assessment survey and provide their individual responses to the VHHTA General Manager (GM).
3. That the GM provide a report to the Committee on the results of the assessment at the next meeting. The GM report shall highlight strengths of the AC committee as well as identify areas for improvement and potential remedial action.

The survey will be provided to the Committee in a new excel format for ease of completion and collation of responses, with a static word document version also provided at attachment A of this report.

The VHHTA Audit Committee Terms of Reference are provided at attachment B to this report for AC review. Any AC recommended changes will be provided to the Board for consideration during the Terms of Reference annual review.

## **RISK ASSESSMENT**

**Corporate Governance** –The Audit Committee carries a governance risk by not meeting its responsibilities in accordance with the AC Terms of Reference. This risk will be mitigated by an annual process of self-review, and annual review of its Terms of Reference, ensuring regular review and compliance of AC responsibilities under the Local Government Act 1999.

## **BUDGET IMPLICATIONS**

There are no budget implications associated with the Board receiving and noting the General Manager Operations Report.

# VHHTA Audit Committee Annual Review

## Self-Assessment Survey 2023

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
Members of the Committee understand their role and responsibilities						
The Committee reviews annually its terms of reference and recommends any necessary changes to the Board						
Committee members are independent of management, exercise their own judgement, voice their own opinions and act freely from any conflicts of interest						
The Committee collectively has sufficient skills, experience, time and resources to undertake its duties						
All Committee members demonstrate the highest level of integrity; including maintaining utmost confidentiality and identifying, disclosing and managing conflicts of interest						
There is a general understanding of the Authority, Local Government sector and external issues						
Committee Members attend meetings on a regular basis						

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
The Committee Chair runs meetings appropriately to ensure that the committee's workload is dealt with effectively						
The Committee works constructively as a team and works well with staff and individuals that attend meetings						
The Committee provides effective support to the Board in fulfilling its responsibility and adding value to the Authority						
The meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) and allow sufficient time for the discussion of substantive matters						
Meeting agendas and related background information is circulated in a timely manner						
The Committee receives information, presentations, or explanations considered necessary to fulfil its responsibilities						
Meeting agendas and supporting papers are well structured and well written						
Effective minutes are prepared, distributed and followed up						
Meetings allow Committee members to raise any issue they believe relevant						

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
Overall, the Committee is efficient and effective						
The Committee assures itself that responsibility is taken by appropriate parties for risk identification and control, with formal assurance through reporting that key risks are being adequately managed						
The Committee is satisfied that there is an effective program in place to ensure that risk management is an integral part of the way in which the Authority conducts business						
In monitoring the integrity of the financial statements of the VHHTA, the committee meets its requirements at S7.1 of the TOR						
In regards to Internal Controls and Management Systems, the Committee meets their duties under S7.2 of the TOR						
In regards to the External Audit Process, the Committee meets their requirements under S7.3 of the TOR						
The Committee meets with the external Auditor as needed, and at least once per year						
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR						

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR						
The committee reviews the effectiveness of the external audit in accordance with S7.3.5 and S7.3.6 of the TOR						
Management responds to external audit recommendations in a timely and appropriate manner						
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions?  Please provide details.						





## THE VICTOR HARBOR HORSE TRAM AUTHORITY

### AUDIT COMMITTEE

#### TERMS OF REFERENCE

#### 1. ESTABLISHMENT

- 1.1 The Victor Harbor Horse Tram Authority ('the Authority') is a single council subsidiary established under Section 42 of the *Local Government Act 1999* ('the Act') by the Constituent Council, the City of Victor Harbor ('the Council').
- 1.2 At a meeting held on 16 June 2020, the Authority resolved to establish the Audit Committee ('the Committee') pursuant to Clause 4.1.1 of the Authority Charter.

#### 2. PURPOSE

- 2.1 The Committee is established for the purposes of Section 13(4) of Schedule 2 of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* to:
  - 2.1.1 review annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority; and
  - 2.1.2 review the adequacy of Authority risk management systems; and
  - 2.1.3 propose, and provide information relevant to, a review of the Authority's strategic management plans or annual business plan; and
  - 2.1.4 liaise with the Authority's external auditor; and
  - 2.1.5 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.

#### 3. MEMBERSHIP

- 3.1 The membership of the Committee shall consist of:
  - 3.1.1 A majority of Independent Members who are not members of the board of management of the Authority and have recent and relevant financial, risk management and internal audit experience; and
  - 3.1.2 Up to two Authority Board Members nominated by the Authority for consideration by Council.
- 3.2 The Authority's external auditors may be invited to attend meetings of the Committee.
- 3.3 Persons appointed under this Clause 3.1 are referred to as 'Member/Members' throughout the Terms of Reference.

3.4 The current Committee membership is as per Schedule 1 to the Terms of Reference.

#### **4. APPOINTMENT OF MEMBERS**

- 4.1 The term of appointment of a member of the Committee shall be for a term not exceeding two (2) years at the expiry of which such member will be eligible for reappointment.
- 4.2 Nominations for the Independent Member position/s will be publicly advertised and considered, on the recommendation of the Authority Board, by the Council for appointment on a biennial basis.
- 4.3 The Board shall submit recommendations to the Council pursuant to Schedule 2, Part 1, Section 13(3) of the *Local Government Act 1999* for appointment.
- 4.4 The filling of any vacancy occurring by resignation or removal of a member shall be at the discretion of the Council.
- 4.5 The Council may at any time remove a member of the Committee but shall observe the principles of natural justice.
- 4.6 Any member absent for three or more consecutive meetings without apology or leave of the Committee, shall have their position declared vacant and clause 4.3 shall be invoked.
- 4.7 At least two members of the Committee must be neither elected members nor employees of Council in accordance with clause 4.1.2.3 of the Authority Charter.
- 4.8 Payment of sitting fees for Committee meetings will be paid as follows:
- 4.8.1 Council Officer or Horse tram Authority Officer members of the Committee will not be paid a sitting fee;
  - 4.8.2 An Independent Authority Board Member who is also a member of the Committee will not be paid a sitting fee per meeting
  - 4.8.3 A Council Authority Board Member who is also a member of the Committee will not be paid a sitting fee in line with non-payment of sitting fees for meetings of the Authority Board; and
  - 4.8.4 An Independent Chairperson of the Committee will not be paid a sitting fee per meeting.

#### **5. APPOINTMENT OF OFFICE BEARERS**

- 5.1 Council shall appoint a Chairperson and Deputy Chairperson and the term of office shall be two (2) years.
- 5.2 The Chairperson and Deputy Chairperson must not be a Council Member or Employee of the Council.

#### **6. ROLE AND RESPONSIBILITIES OF MEMBERS**

- 6.1 The role of a Committee Member is to:
- 6.1.1 Participate in the deliberations of the Committee, with regard to the business which is before it;

- 6.1.2 Be mindful of the objectives and policies of the Authority as they relate to the business of the Committee;
- 6.1.3 Give due consideration to laws and regulations of the *Local Government Act 1999*;
- 6.1.4 Participate in induction and ongoing training as required;
- 6.1.5 Be aware of the Committee resources and budget, and the need for efficiency and effectiveness in the activities for which the Committee has been established;
- 6.1.6 Be well informed on issues before the Committee; to prepare adequately for meetings and seek additional information if required;
- 6.1.7 Be mindful of the potential for a Conflict of Interest to occur through participation on the Committee and to declare such Interests as and when they arise; and
- 6.1.8 Observe confidentiality when it is required.

## **7. Role of the Audit Committee**

### **7.1 Financial reporting:**

- 7.1.1 The committee shall monitor the integrity of the financial statements of the Authority, including its annual report, reviewing significant financial reporting issues and judgments which they contain.
- 7.1.2 The committee shall review and challenge where necessary:
  - 7.1.2.1 the consistency of, and/or any changes to, accounting policies;
  - 7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 7.1.2.3 whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
  - 7.1.2.4 the clarity of disclosure in the Authority's financial reports and the context in which statements are made; and
  - 7.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

### **7.2 Internal controls and risk management systems:**

- 7.2.1 The Committee shall:
  - 7.2.1.1 keep under review the effectiveness of the Authority's internal controls and risk management systems; and
  - 7.2.1.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

### **7.3 External Audit:**

- 7.3.1 The Committee shall:
    - 7.3.1.1 consider and make recommendations to the Authority Board, in relation to the appointment, re-appointment and removal of the Authority's external auditor. The committee shall oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;
    - 7.3.1.2 oversee the Authority's relationship with the external auditor including, but not limited to:
      - 7.3.1.2.1 recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
      - 7.3.1.2.2 recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
      - 7.3.1.2.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of the Authority's relationship with the auditor, including the provision of any non-audit services;
      - 7.3.1.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Authority (other than in the ordinary course of business);
      - 7.3.1.2.5 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
      - 7.3.1.2.6 assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);
  - 7.3.3 meet as needed with the external auditor. The committee shall meet the external auditor at least once a year, with the option to not have the Authority General Manager being present; to discuss the external auditor's report and any issues arising from the audit;
  - 7.3.4 review and monitor the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
    - 7.3.4.1 discussion of any major issues which arose during the external audit;
    - 7.3.4.2 any accounting and audit judgments; and
    - 7.3.4.3 levels of errors identified during the external audit;
- The committee shall also review the effectiveness of the external audit.

- 7.3.5 review any representation letter(s) requested by the external auditor before they are signed;
- 7.3.6 review the management letter and management's response to the external auditor's findings and recommendations.

## **8. MEETINGS**

### **8.1 Ordinary meetings**

- 8.1.1 The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle.
- 8.1.2 For the purpose of Term 8.1.1, the contemporary linking together by telephone, audio-visual or other instantaneous means of the Audit Committee Members provided that at least a quorum is present, is deemed to constitute a meeting of the Audit Committee. Each of the Audit Committee Members taking part in the telecommunications meeting, must at all time during the telecommunications meeting be able to hear and be heard by each of the other Members present. At the commencement of the meeting, each Audit Committee Member must announce his/her presence to all other Members taking part in the meeting. An Audit Committee Member must not leave a telecommunications meeting by disconnecting his/her telephone, audio-visual or other communication equipment, unless that Member has previously notified the Chair of the meeting.
- 8.1.3 The Committee shall resolve by majority a 12 month schedule of the meetings including the date, time and location in accordance with Section 87(2) of *the Local Government Act 1999*.

### **8.2 Special Meetings**

- 8.2.1 Special Meetings may be called by the Presiding Member or by at least two members of the Committee at any time in accordance with the conditions of the Terms of Reference.

### **8.3 Meeting Procedures**

- 8.3.1 The procedures and protocols to be observed at the Committee meetings shall be as provided in Part 3 of *the Local Government (Procedures at Meetings) Regulations 2013*, unless varied by these Terms of Reference.

### **8.4 Quorum**

- 8.4.1 A quorum for the Committee shall constitute three members, one of whom shall be a Board Member.

### **8.5 Notice of Meetings –**

- 8.5.1 A Notice of each meeting is to be provided to each member in writing, setting out the date, time and location of the meeting and be accompanied by an agenda.
- 8.5.2 The agenda for Ordinary Meetings of the Committee shall be forwarded to members of the Committee electronically no later than three clear days prior to the meeting.

- 8.5.3 A minimum of four hours' notice shall be given for any Special Meetings of the Committee.
- 8.5.3 A copy of the notice of meeting, agenda and accompanying reports shall be placed on public display at the principle office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website as soon as practicable following circulation to members of the Committee and shall be kept on display for a period of one month

## **8.6 Minutes**

- 8.6.1 Minutes shall be kept of all meetings of the Committee
- 8.6.2 Each Member shall receive a copy of the minutes within five days of the meeting of the Committee.
- 8.6.3 The minutes shall be confirmed at the next regular meeting with or without amendments.
- 8.6.4 One copy of all minutes shall be supplied to the Authority Board before its next meeting following that of the Committee. Resolutions of the Committee are to be presented to a formal meeting of Authority Board for endorsement before they can be enacted.
- 8.6.4 A copy of the minutes shall be placed on public displayed at the Principal Office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website within five days of the meeting of the Committee and kept on public display for a period of one month

## **9. VOTING**

- 9.1 A matter for decision at a meeting of the Committee will be decided by simple majority of the members present at the meeting and entitled to vote on the matter.
- 9.2 Each member of the Committee present at the meeting and entitled to vote on a shall have one vote on any matter.
- 9.3 The Chairperson or Deputy Chairperson shall have a deliberative vote only.
- 9.4 Each member present at a meeting of the Committee must vote on all matters arising for a decision at that meeting.

## **10. CONFLICT OF INTEREST**

- 10.1 Section 73-75 of *the Local Government Act 1999* (inclusive) refers to conflict of interest provisions.
- 10.2 Members need to be aware of the circumstances under which a conflict of interest may arise and declare that interest to the membership present at the meeting.

## **11. COMMITTEE RESOURCES**

- 11.1 The Authority's General Manager shall provide support to and attend Committee meetings. Other invited guests may attend meetings as required.

11.2 An officer(s) of the Council nominated by the Chief Executive Officer of the Council may attend Audit Committee meetings as an observer in accordance with the Authority Charter clause 4.1.2.2.

11.3 The Authority’s General Manager will provide administrative/secretarial support as required.

**12. REPORTING**

12.1 The Committee shall supply to the Authority Board a copy of all Committee minutes pursuant to clause 8.6.2, and the Chairperson (or other member in their absence) shall draw to the attention of the Board any significant issues when the minutes are presented.

12.2 The Committee shall supply to the Chief Executive Officer of the Council a copy of all Committee minutes within 5 days of the Committee meeting in accordance with Clause 4.1.2.6 of the Authority Charter.

12.3 The Committee’s yearly activities shall be reported in Authority’s Annual Report.

12.4 The committee shall make whatever recommendations to the Authority it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.

**13. PUBLIC ACCESS**

13.1 Meetings of the Committee shall be held in public.

13.2 The Committee may resolve to exclude the Public from attendance at the meeting if it is considered necessary to receive, discuss or consider in confidence any information or matter listed in Section 90(3) of the *Local Government Act 1999*.

13.3 Minutes, Agendas, Reports and Documents produced by the Committee may be inspected at the Principle Office of the City of Victor Harbor.

**14. LIABILITY OF MEMBERS**

14.1 In accordance with Section 39 of the *Local Government Act 1999*, no civil liability attaches to a member of the Committee for an honest act or omission in the exercise, performance or discharge, or purported exercise, performance or discharge, of the member’s or Committee’s powers, functions or duties.

**15. REVIEW**

15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.

15.2 These Terms of Reference shall be reviewed by the Authority annually.

**16. Document History**

Version	Date	Resolution No.	Description
1.0	16 June 2020		Draft Terms of Reference
1.1	8 June 2021	VHHTA242	Terms of Reference



## Schedule 1

### Victor Harbor Horse Tram Authority

#### Audit Committee

#### Committee Membership

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	23 November 2024
Independent Member(s)	Kate Christ	22 February 2021	22 February 2025
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2023
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2024
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
Office Bearers			
Chairperson	John Morgan	22 February 2021	23 November 2024
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2024